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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden hours per response.....	12.00

ANNUAL AUDITED REPORT**FORM X-17A-5
PART III**SEC
Mail Processing
Section

MAR 01 2018

SEC FILE NUMBER
8-53091

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING 01/01/17 AND ENDING 12/31/17
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**NAME OF BROKER-DEALER: **BERCHWOOD PARTNERS LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

717 FIFTH AVENUE, 14TH FLOOR

(No. and Street)

NEW YORK

NY

10022

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

WILLIAM J. ZWART (212) 201-3929

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MAZARS USA LLP

(Name - if individual, state last, first, middle name)

135 W 50TH STREET**NEW YORK****NY****10020**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

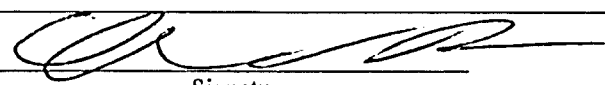

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1.

OATH OR AFFIRMATION

I, DAVID W. BERCHENBRITER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BERCHWOOD PARTNERS LLC, as of DECEMBER 31, 20 17, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE


Signature

Notary Public
WILLIAM J. ZWART
Notary Public, State of New York
No. 02ZW6017634
Qualified in New York County
Commission Expires: 6/10/19
Member

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

BERCHWOOD PARTNERS LLC AND AFFILIATE

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Report of Independent Registered Public Accounting Firm

To the Members of *BerchWood Partners LLC* and *BerchWood Partners LLP*

Opinion on the Financial Statement

We have audited the accompanying combining statement of financial condition of BerchWood Partners LLC and BerchWood Partners LLP, (the “Company” and the “Affiliate,” respectively), as of December 31, 2017, and the related notes (collectively referred to as the “financial statement”). In our opinion, the combining statement of financial condition presents fairly, in all material respects, the financial position of the Company and the Affiliate, as of December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This combining financial statement is the responsibility of the Company and the Affiliate’s management. Our responsibility is to express an opinion on the Company and the Affiliate’s combining financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company and the Affiliate in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combining financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the combining financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the combining financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the combining financial statement. We believe that our audit provides a reasonable basis for our opinion.

Mazars USA LLP

We have served as the Company and the Affiliate’s auditor since 2017.

New York, NY
February 28, 2018

MAZARS USA LLP

135 WEST 50TH STREET – NEW YORK, NEW YORK – 10020

TEL: 212.812.7000 – FAX: 212.375.6888 – WWW.MAZARSUSA.COM

MAZARS USA LLP IS AN INDEPENDENT MEMBER FIRM OF MAZARS GROUP.



BERCHWOOD PARTNERS LLC AND AFFILIATE

COMBINING STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2017

<u>ASSETS</u>				
	<u>Total</u>	<u>Eliminations</u>	<u>BerchWood Partners LLC</u>	<u>BerchWood Partners LLP</u>
Cash and cash equivalents	\$ 308,769	\$ -	\$ 275,846	\$ 32,923
Fees receivable, net of allowance for doubtful accounts of \$104,200	1,924,635	-	23,975	1,900,660
Other current assets	122,221	-	35,062	87,159
Property and equipment, net of accumulated depreciation	5,757	-	5,741	16
Security deposit	26,756	-	-	26,756
Cash - restricted	89,892	-	89,892	-
Investment in affiliate	-	(85,982)	85,982	-
Due from affiliate	-	(1,910,042)	1,910,042	-
TOTAL ASSETS	\$ 2,478,030	\$ (1,996,024)	\$ 2,426,540	\$ 2,047,514

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES:

Accrued expenses	\$ 247,605	\$ -	\$ 125,681	\$ 121,924
Retirement plan payable	33,207	-	33,207	-
Deferred rent liability	18,368	-	18,368	-
Deferred income taxes	7,000	-	7,000	-
Due to affiliate	-	(1,910,042)	-	1,910,042
Total Liabilities	306,180	(1,910,042)	184,256	2,031,966

**COMMITMENTS AND
CONTINGENCIES**

MEMBERS' EQUITY:

Members' Equity	2,281,101	(85,982)	2,242,284	124,799
Accumulated other comprehensive loss:				
Foreign currency translation loss, net of \$0 deferred income taxes	(109,251)	-	-	(109,251)
Total Members' Equity	2,171,850	(85,982)	2,242,284	15,548
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 2,478,030	\$ (1,996,024)	\$ 2,426,540	\$ 2,047,514

See the accompanying Notes to Combining Financial Statements.

BERCHWOOD PARTNERS LLC AND AFFILIATE

NOTES TO THE COMBINING STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Principles of Combination:

BerchWood Partners LLC (the "Company") was organized in New York on June 8, 2000, as a limited liability company. The Company wholly owns BerchWood Partners Limited ("BerchWood Ltd."), which is a partner in BerchWood Partners LLP ("Affiliate"), both located in the United Kingdom ("UK"). The combining financial statements include the accounts of the Company and the Affiliate as the Company and the Affiliate are entities under common control and management. All transactions and accounts between and among the Company and the Affiliate have been eliminated. BerchWood Ltd. had no operations during the year.

The members of the Affiliate are BerchWood, Ltd., a 50% member of the Company and BWP-16 Limited ("BWP"), each with a 33.33% voting interest.

Principal Business Activity:

The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is primarily engaged in raising capital for private equity and alternative U.S. and non-U.S. investment fund managers.

The Affiliate is registered with the UK Financial Conduct Authority ("FCA") formerly known as the Financial Services Authority ("FSA"). The Affiliate is engaged in raising capital for private equity and alternative investment fund managers in the UK and Continental Europe.

Basis of Presentation:

The accompanying combining financial statement is presented in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

BERCHWOOD PARTNERS LLC AND AFFILIATE

NOTES TO THE COMBINING STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Use of Estimates:

The preparation of the combining financial statement in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

The Company and its Affiliate consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Fees Receivable and Allowance for Doubtful Accounts:

The Company's and its Affiliate's fees receivable are recorded at amounts billed to customers, and presented on the Combining Statement of Financial Condition net of the allowance for doubtful accounts, if required. The allowance is determined by a variety of factors, including the age of the receivables, current economic conditions, historical losses and other information management obtains regarding the financial condition of customers. The policy for determining the past due status of receivables is based on how recently payments have been received. Receivables are charged off when they are deemed uncollectible, which may arise when customers file for bankruptcy or are otherwise deemed unable to repay the amounts owed to the Company and its Affiliate.

The Company may provide services covering a period of time which includes the current and subsequent years for which the billing occurs in the subsequent period. The Company recognizes the earned but unbilled revenue in the period it is earned and as part of its fees receivable. The unbilled fees receivable as of December 31, 2017, was \$23,975.

Property and Equipment:

Property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

BERCHWOOD PARTNERS LLC AND AFFILIATE

NOTES TO THE COMBINING STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Cash - Restricted:

Cash - restricted represents funds held as collateral for letter of credit in lieu of security deposit for an office lease. The Company has no ability to draw on the restricted funds.

Income Taxes:

No provision is required for federal or state taxes on the income of the Company. Under the Internal Revenue Code and similar state regulations, the Company is treated as a partnership; accordingly, the income of the Company is taxed to the members. However, the Company is subject to the New York City Unincorporated Business Tax, and a provision has been reflected in the combining financial statements. Deferred income tax expense has been recognized in the combining financial statements primarily as a result of the Company being on a cash basis for tax purposes and relates primarily to fees receivable.

No provision is required for taxation on the profits of the Affiliate, which is a Limited Liability Partnership. Under UK tax legislation the Limited Liability Partnership is tax transparent. As a result, each member is assessed for income tax on its share of the Limited Liability Partnership's profits.

Foreign Currency Translation and Transactions:

Fees receivable denominated in foreign currencies are measured at the foreign exchange rate on the transaction date. At the balance sheet date and upon settlement, the receivable is re-measured at the then current rate

The accounts of the Affiliate are measured in its functional currency, which is the local currency (British Pounds) and translated into U.S. Dollars. All asset and liability accounts have been translated using the current rate of exchange at the balance sheet date.

BERCHWOOD PARTNERS LLC AND AFFILIATE

NOTES TO THE COMBINING STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2017

NOTE 2 - NET CAPITAL REQUIREMENTS:

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The Company maintains minimum regulatory net capital, as defined, equal to the greater of \$5,000 or 6-2/3% of aggregate indebtedness, as defined.

At December 31, 2017, the Company had net capital of \$98,590 which was \$86,773 in excess of its required minimum net capital of \$11,817. The Company's ratio of aggregate indebtedness to net capital was 1.80 to 1.

The Company is exempt from SEC Rule 15c3-3 pursuant to exemptive provisions of sub-paragraph (k)(2)(i).

NOTE 3 - FEES RECEIVABLE:

One customer of the Affiliate represented approximately 89% of the fees receivable at December 31, 2017.

The fees receivable of \$1,924,635 comprise amounts due from three customers at December 31, 2017, all of which have different installment arrangements.

Fees receivable are expected to be collected as follows:

<u>December 31,</u>	
2018	\$ 1,798,025
2019	87,916
2020	<u>47,872</u>
	1,933,813
Less: Discounting	<u>9,178</u>
	<u><u>\$ 1,924,635</u></u>

The Company does not recognize interest on past due receivables. The Company has recorded an allowance for doubtful accounts in the amount of \$104,200 at December 31, 2017. Fees receivable of \$183,761 which are in excess of one year have been discounted to present value using an effective rate of 3.75%.

BERCHWOOD PARTNERS LLC AND AFFILIATE

NOTES TO THE COMBINING STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2017

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment were comprised of the following at December 31, 2017:

Equipment	\$ 117,809
Furniture and fixtures	<u>49,257</u>
	167,066
Less: Accumulated depreciation	<u>161,309</u>
Property and equipment, net	<u>\$ 5,757</u>

NOTE 5 - COMMITMENTS AND CONTINGENCIES:

Operating Leases:

The Company's lease for its New York office space expires in May 2018. The Affiliate's lease for its UK office space expired in November 2017. In December 2017, the Affiliate entered into a new lease agreement for its UK office space expiring in December 2019. The Affiliate has the option to terminate the lease in December 2018 by giving a written notice to the lessor, who has the discretion to waive the notice period. The future minimum payments under both noncancellable operating leases are subject to additional rentals for increases in operating expenses and real estate taxes.

A deferred rent liability representing the cumulative difference between rent paid and the amount recognized under the straight-line method of accounting has been recorded.

Future minimum lease payments under the noncancellable operating leases (including Affiliate) at December 31, 2017 were approximately \$326,000.

The Company is obligated to obtain an irrevocable stand-by letter of credit in lieu of the security deposit on the office in New York City. The letter of credit is collateralized by a restricted certificate of deposit and is shown in cash – restricted on the Combining Statement of Financial Condition.

BERCHWOOD PARTNERS LLC AND AFFILIATE

NOTES TO THE COMBINING STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2017

NOTE 5 - COMMITMENTS AND CONTINGENCIES (CONTINUED):

Cash Credit Risk Concentration:

The Company maintains cash balances in one financial institution, which are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per institution. From time to time, the Company's balances may exceed these limits.

The Affiliate maintains cash in a foreign bank account in the UK in the amount of \$32,923 at December 31, 2017. The account is covered by the Financial Services Compensation Scheme for up to \$114,861.

NOTE 6 - RETIREMENT PLANS:

The Company maintains a defined contribution 401(k) pension plan which covers all eligible members and employees.

In addition, the Company has a Profit Sharing Plan ("Plan") covering substantially all of its employees. Contributions to the Plan are at the discretion of the management.

NOTE 7 - SUBSEQUENT EVENTS:

The Company has evaluated events or transactions that occurred after December 31, 2017 through the date these combining financial statements were issued. During this period, there were no material subsequent events requiring disclosure, other than \$160,000 of contributions made by the members in February 2018.

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BERCHWOOD PARTNERS LLC AND AFFILIATE

COMBINING STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2017